

March 22, 1998

Dear Customer:

Under the Electric Service Customer Choice and Rate Relief Act of 1997 (Electric Choice Act), beginning this fall you may have the choice to determine who supplies electricity to your business. This letter provides information describing how customers register for energy supply services and should be directed to the energy decision-maker in your organization. The enrollment deadline is June 15, 1999.

How the System Works Today

Today, CILCO provides all three major components of your electric service.

- 1) **Generation (supply)** — The electricity your business uses is supplied by CILCO and, in most cases, generated by one of our power plants.
- 2) **Transmission** — CILCO owns, operates and maintains the transmission lines, structures and facilities that allow electricity to travel from the power plants to the communities we serve.
- 3) **Distribution** — The electricity is then carried through your community to your home or business by our distribution lines.

You May Have A Choice

Starting October 1 1999, when the customer choice period begins, the generation portion of your service may be unbundled, or separated, from transmission and distribution services and purchased as a separate service. Beginning on your October 1999 meter read date, you may be eligible to begin receiving electricity from an electric supplier other than CILCO.

Under the Electric Choice Act, authorized suppliers may be:

- ✓ Another Illinois electric utility
- ✓ An Alternative Retail Electric Supplier (ARES) that has been licensed by the Illinois Commerce Commission (ICC)

You may have the following choices:

- ✓ Continue your existing bundled service from CILCO or enter into a special contract with CILCO.
- ✓ Select from one of the following energy supply options (which may require you to pay a transition charge.)
 1. Purchase electricity from another Illinois utility
 2. Purchase electricity from an ARES
 3. Buy electricity from CILCO using the Market Value Power Purchase Option (MVPPO), which is a regulated service. The MVPPO provides qualifying CILCO customers with \$.005/kWh (8%) savings from their existing rate. To qualify, customers must be paying a transition charge.

No matter who the supplier is, CILCO will continue to deliver your electricity over our transmission and distribution system. The quality of delivery will be the same regardless of whether the power and energy is obtained from an ICC-approved supplier or from CILCO. This delivery service will continue to be regulated by the Illinois Commerce Commission and the Federal Energy Regulatory Commission.

For those customers who switch suppliers, delivery service charges may be billed separately from supply charges, and transition charges may apply. Customers may purchase power from suppliers either alone, or as members of an aggregated group.

Industrial and Commercial Electric Customers Will Soon Choose

Beginning October 1999, you may be able to begin receiving electricity from an electric supplier that you choose if you are in one of the following categories in CILCO's service territory:

- 1) Non-residential customers with monthly electric demand of 4 megawatts or greater at one site.
- 2) Commercial customers who operate 10 or more sites under common ownership which total at least 9.5 megawatts of demand and are currently served by CILCO .
- 3) Non-residential customers with multiple sites under common ownership currently served by CILCO.
- 4) Non-residential customers totaling one-third of the kilowatt hour usage of each of CILCO's rate classifications.

If you are in category 1, you will be notified by CILCO.

If you believe you fall into category 2 or 3, please fill out and return the enclosed Common Ownership Enrollment Form or contact CILCO at 888-615-2926 to identify your common ownership establishments, addresses, account numbers and SIC codes. *Sites that qualify as common-ownership, category 3, may instead be entered into category 4, general lottery, but may not be entered into both category 3 and 4.*

If you are in category 4, and would like to be eligible for electric choice, you must complete and return the enclosed General Lottery Enrollment Postcard to us. If the usage of customers who enroll amounts to over one-third of the available usage of any of CILCO's rate classifications, a random lottery of enrollees will be held to determine eligibility to choose your electric supplier. The lottery will be held in July 1999. Enrollment closes June 15, 1999. If your facility is eligible for choice, CILCO will notify you by mail. If you have questions about the lottery process or wish to register by phone, please call CILCO at 888-615-2926.

Enrolling and becoming eligible to choose your electric supplier in no way obligates you to change suppliers and you may choose to remain with CILCO. If you choose not to return the postcard or enroll but are not chosen as eligible to choose your electric supplier in the lottery, the Electric Choice Act provides that you will still become eligible to choose your electric supplier on January 1, 2001.

Your Rights and Protections

- 1) **You have the right to withhold your name, address and rate classification information from marketers.** If your company is eligible to choose its electric supplier, CILCO will not provide your name and address to Alternative Retail Electric Supplier, utilities and other parties for their use in soliciting your business unless you authorize us to do so. You may indicate on the enclosed postcard if you want this information released.
- 2) **CILCO must have your express permission to release your phone number, usage or billing information** to Alternative Retail Electric Suppliers. A fee may be charged the supplier for this service.
- 3) **Customers who wish to file a complaint or have questions about the eligibility process may write the Illinois Commerce Commission** at 527 East Capitol Avenue, Springfield, IL 62794-9280, or visit the Commission's website at www.icc.state.il.us. Customers may also call the Attorney General's office at 312-814-3000 (Chicago) or 217-782-1090 (Springfield).
- 4) **CILCO is always glad to work with customers towards a mutually agreeable resolution of disputes.** If you have a dispute or complaint that needs resolution, please outline your concern in a letter and send it to Nick Shea, Director – Rates and Regulatory Affairs, 300 Liberty St., Peoria, IL 61602.

Sincerely,

Nick Shea
Director — Rates & Regulatory Affairs